GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2383
ANSWERED ON:10.03.2000
CONDITIONS IMPOSED BY WORLD BANK FOR GRANTING LOAN
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Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has stipulated a precondition for removing the corruption in providing loans to the developing countries ;

(b) if so, the details thereof ;

(c) the opinion of the World Bank regarding India in this regard ; and

(d) the details of projects in India which could not get the required amount due to this precondition ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a to d):As part of the World Bank`s effort to combat corruption it has made certain provision in its terms of lending to all countries. Under these provisions, if the Bank determines with respect to any contract to be financed out of the proceeds of the loan that corrupt or fraudulent practices were engaged in by representatives of the Borrowers or of a beneficiary of the loan during the procurement or execution of such contract without the Borrower having taken timely & appropriate action satisfactory to the Bank to remedy the situation; and establishes the amount of expenditure in respect of such contract which would otherwise have been eligible for financing out the proceeds of the loan - then the Bank may terminate the Borrowers right to make withdrawal in respect of such amount.

These conditions apply to all loans made by the Bank to all countries and is not specific to India. Financing of none of the projects in India has been affected due to this provision. The World Bank has expressed no special opinion about India in this regard.